

Moreover, Mr. Varner emphasized that BellSouth's obligations to keep the local market open do not disappear once BellSouth is granted interLATA relief. Instead, procedural safeguards contained in the Act, FCC Orders promulgated thereunder, and this Commission's rules and regulations would continue to safeguard and govern competition in the local market.

Gloria Calhoun:

Ms. Calhoun, the Director of Regulatory Planning for BST testified about the electronic interfaces BST has made available for use by competing local exchange carriers (CLECS). Ms. Calhoun testified as to how BST provides non-discriminatory access to its Operational Support Systems ("OSS") consistent with, and as required by, the FCC orders promulgated under the 1996 Act. Ms. Calhoun testified that BST provides to the CLECs, electronic interfaces for the pre-ordering, ordering, provisioning, maintenance and repair and billing functions that provide information in substantially the same time and manner that BST provides such information to personnel supporting its retail customers. In summary, Ms. Calhoun testified that BST offers pre-ordering through the Local Exchange Navigation System ("LENS") interface, ordering and provisioning through the (Electronic Data Interchange ("EDI"), Exchange Access Control and Tracking System ("EXACT") and LENS interfaces, maintenance and repair through the CLEC Trouble Analysis Facilitation Interface ("TAFI") interface and billing through its CABS billing process.

Ms. Calhoun testified that these interfaces provided CLECs with information on the same basis as, or in many instances better than, such information is available to BellSouth personnel supporting BellSouth retail operations. Ms. Calhoun also testified that most unbundled network elements ("UNES") are available through the industry standard interfaces of EDI and EXACT, depending on the particular UNE, and through the LENS interface. Ms. Calhoun testified that BST's electronic interfaces meet or exceed all FCC requirements. Further, Ms. Calhoun testified that BST is building customized interfaces under its interconnection agreements and is continuing to support its interfaces indirect response to CLEC comments and suggestions. However, BST's willingness to go beyond the requirements of the Act does not impugn the fact that BellSouth has made available in South Carolina interfaces that comply with the Act and the requirements of the FCC.

Jane Sosebee:

Ms. Sosebee testified that she is employed by BellSouth Business Systems as a Sales Manager in Greenville, South Carolina. Ms. Sosebee testified as to the manual processes associated with the ordering of complex services. Specifically, Ms. Sosebee testified as to the paperwork and ordering processes associated with complex services such as SmartRing®.

William M. Stacy:

Mr. Stacy, Assistant Vice President-Interconnection Operations for BST testified about the overall processes that BST has put in place to provide services to all CLECs. Mr. Stacy testified that BST has created an entire new officer level organization, interconnection operations, which is responsible for all operational aspects of provisioning and maintaining services for CLECs. Witness Stacy testified that BST has aggressively developed processes for handling the ordering, provisioning, maintenance and repair of all interconnection facilities, all resold services and unbundled network elements provided to CLECs. Mr. Stacy further testified that BST's electronic interface systems were designed and developed using the CLECS forecast of work volumes that the system would be required to handle. Mr. Stacy stated that the CLEC volume had not yet come close to approaching the system limits of any system, but that additional capacity could be made available immediately if needed. Mr. Stacy also stated that BellSouth had conducted extensive testing to assure that all systems worked appropriately at designated levels.

Keith Milner:

Mr. Milner, BST Director-Interconnection Operations, testified as to BST's abilities to provide access to certain services, UNES and functionality required by Sections 251 and 271 of the Act. Mr. Milner testified that he had recently led a team

of BST product managers and project managers on a mission to gather information to verify that BST had met the 14 point checklist items. Mr. Milner also testified as to the specific numbers of items ordered by CLECs in South Carolina and in BST's nine state region. Mr. Milner testified that where a CLEC had not ordered a certain checklist item, BST has demonstrated through end-to-end testing procedures that once the item is ordered, BST could provision, maintain and render a bill for such UNE or resold service. Mr. Milner testified that the evidence clearly demonstrates that BST provides, in a functionally available manner, each of the 14 point checklist items.

Robert C. Scheye:

Mr. Scheye, BellSouth Senior Director in Strategic Management, also testified as to how BST had met each of the 14 point competitive checklist items found in Section 252 and 271 of the Act. Mr. Scheye emphasized in his testimony that the customers of BST in South Carolina wish to have the same choices as customers in other parts of South Carolina, such as Myrtle Beach and Beaufort. In these areas of South Carolina, the customer may choose the same company for local and long distance service. Mr. Scheye also went on to testify that many of the items contained in the checklist have been provided by BST for a number of years, such as co-location. Finally, Mr. Scheye testified that the rates contained in BST's statement are cost-based. Mr. Scheye testified at length that the rates contained

in the statement were taken from rates contained in arbitration proceedings between BST and AT&T, FCC proxy rates and agreements entered into with CLECs. Mr. Scheye stated that all rates were within the range of cost information provided to this Commission by both AT&T and BST during the BellSouth-AT&T Arbitration proceeding, PSC Docket No. 96-378-C. Further, Mr. Scheye emphasized that the interim rates contained in the statement are to be adjusted following review by this Commission of additional cost studies which were made available on June 9, 1997. Finally, Mr. Scheye testified that the Act does not require permanent rates for checklist compliance.

James G. Harralson:

Mr. Harralson testified that BSLD would offer long distance service in South Carolina as soon as it was authorized to do so. Mr. Harralson stated that BSLD has applied for a certificate of authority and has filed with this Commission a proposed tariff containing rates 5% below AT&T's basic rates. Mr. Harralson testified that approval of BSLD to provide such service in South Carolina would generate over time substantial rate decreases to long distance customers in South Carolina and also generate a substantial amount of associated economic activity within the State.

Michael J. Raimondi:

Dr. Raimondi is an economist with the WEFA Group. Dr. Raimondi testified that WEFA had undertaken a study to establish

an estimate of the benefits associated with entry by BSLD into the long distance marketplace in South Carolina. Based on an assumption of a 25% decline in long distance rates over the first five years after entry, WEFA estimates that nearly 13,000 jobs would be created in the South Carolina economy and real gross state product would grow by nearly \$1.2 billion as a result of such entry by BSLD.

Frank Hefner:

Dr. Hefner testified as an economist familiar with the South Carolina economy. Dr. Hefner confirmed that the WEFA model was based on reliable assumptions and would produce reliable results with regard to the South Carolina economy.

William E. Taylor:

Dr. Taylor testified as an economist that the public interest favored approval of entry by BSLD into the long distance market in South Carolina. Dr. Taylor confirmed that studies have established a lock-step pattern of price increases in basic rate schedules undertaken by the major long distance providers over the past several years. Dr. Taylor testified that entry by BSLD in South Carolina would lead to substantial rate reductions of as much as 25% in the market price for long distance services in the first year. In terms of consumer surplus, this decrease in the market price of long distance service in South Carolina equates to a benefit of at least \$9 and as much as \$14 a month.

Melissa Closz:

Ms. Closz testified on behalf of Sprint. Ms. Closz summarized several instances where Sprint Metropolitan Networks, Inc. had encountered problems interconnecting with BST in the Orlando, Florida area. However, Ms. Closz admitted that Sprint had not filed any complaints with the Florida Public Service Commission or the FCC regarding its problems. Ms. Closz also testified that BST's interfaces did not support all the functionalities and capabilities that Sprint wanted. However, Ms. Closz acknowledged that the interfaces were being improved and that additional improvements were planned.

David E. Stahly:

Mr. Stahly testified on behalf of Sprint. Mr. Stahly testified that the public interest was against approval of BSLD to offer long distance service in South Carolina. Mr. Stahly testified that to allow BSLD to enter the market would remove any incentive from BST to accommodate local competition.

Don J. Wood:

Mr. Wood testified on behalf of AT&T and MCI. Mr. Wood testified that the rates for both UNE's and interconnection were not cost-based and, therefore, were not in compliance with the standards of the 1996 Act. Mr. Wood encouraged the Commission to institute proceedings to adopt a specific costing methodology and review all interim rates in accordance therewith.

Thomas R. Beard:

Dr. Beard testified on behalf of AT&T and MCI. Dr. Beard testified that the public interest in South Carolina was to delay entry into the long distance marketplace by BSLD. Dr. Beard justified the delay based on the potential harm to local competition. Dr. Beard testified that he believed that BST would not encourage local competition, that BST would foreclose the market for local access by long distance companies and the bundling of long distance and local service together by BST would either 1) constitute a barrier to entry by other competitors or 2) that BST would price the bundled services at a premium thus negating any consumer benefit from the bundled offering.

John Hamman:

Mr. Hamman testified on behalf of AT&T. Mr. Hamman testified that BST had not met numerous checklist items. Mr. Hamman testified that although BST and AT&T had agreed on performance measurements that results were just becoming available so that BST's checklist compliance had not yet been sufficiently measured. Mr. Hamman also testified that because competitors had not yet ordered quantities of several UNE's, BST's ability to provide them could not be confirmed. Finally, with regard to several checklist items, Mr. Hamman testified that BST was not providing AT&T capabilities that were required under its interconnection agreements in other states and thus did not meet additional checklist items.

Jay Bradbury:

Mr. Bradbury testified on behalf of AT&T. Mr. Bradbury commented on BST's OSS, principally focusing on the LENS interface. Mr. Bradbury provided numerous examples of how AT&T felt the OSS did not provide AT&T the useability and capabilities it needed in order to compete. Mr. Bradbury acknowledged that BST has modified LENS to provide functions requested by AT&T and that additional modifications requested by AT&T are forthcoming.

Allen G. Buckalew:

Mr. Buckalew testified on behalf of the South Carolina Consumer Advocate. Mr. Buckalew testified that the long distance market in South Carolina was not as competitive as it ought to be. However, Mr. Buckalew believed that BellSouth Long Distance should not be allowed to provide long distance services until local telephone markets in South Carolina faced effective competition. Mr. Buckalew also testified that the Commission should review the costs underlying the rates in the Statement.

James C. Falvey:

Mr. Falvey testified on behalf of ACSI. Mr. Falvey testified that ACSI has placed facilities in several metropolitan area of South Carolina, but is not providing facilities-based local exchange service. Mr. Falvey testified that ultimately ACSI intends to provide facilities-based local exchange service in South Carolina. However, Mr. Falvey conceded that ACSI has no current plan or commitment as to when local services may be

provided. In direct testimony adopted by Mr. Falvey, ACSI stated that it had no intent to compete for residence customers in South Carolina. Mr. Falvey also stated that ACSI has chosen to deploy switched local exchange services in other places such as Georgia, Texas, New Orleans and Baltimore before deploying in South Carolina. Mr. Falvey also testified concerning service problems encountered by ACSI in dealing with BST in Georgia.

Joe Gillan:

Mr. Gillan testified on behalf of AT&T, MCI and the South Carolina Competitive Carriers Association. Mr. Gillan testified as to the public interest of allowing BellSouth Long Distance to provide long distance service in South Carolina. Mr. Gillan testified as to his belief that long distance prices in South Carolina were not too high and would not be reduced after BellSouth Long Distance entered the market. Mr. Gillan further testified that the amount of UNEs provisioned by BST region-wide was insufficient to determine that BST had met its burden of opening its local market to competition. Therefore, Mr. Gillan concluded that it was premature for BellSouth Long Distance to provide long distance service in South Carolina.

IV. FINDINGS AND CONCLUSIONS

A. Review of Competition in South Carolina

1. Local Competition

At this point in time, almost eighteen months after the passage of the 1996 Act, there is no facilities-based local

competition in South Carolina. Furthermore, none of BST's potential competitors are taking any reasonable steps towards implementing any business plan for facilities-based local competition for business and residence customers in South Carolina. Notably absent in this proceeding was any testimony by any intervenor, other than ACSI, of any intent to ever compete on a facilities basis for local customers in South Carolina. The Commission notes that in the BST - AT&T Arbitration proceeding, AT&T testified at length that it had no plans for facilities-based competition in South Carolina and that such competition by any competitor of BST was years away.

ACSI, the only intervenor which stated that it had placed facilities in South Carolina, testified that it does not compete as a local service provider, but rather only as an access provider. While ACSI stated in response to cross-examination from MCI that it had an "intent" to compete in the future, ACSI testified that it had no business plan or firm commitment to place the necessary facilities in South Carolina to begin to provide such competition. Moreover, in its testimony, ACSI stated that it had no intent to compete for residence customers in South Carolina. Mr. Falvey, testifying on behalf of ACSI, stated that ACSI's decision not to compete in South Carolina is not related to any action on the part of BST, but rather its own business decision to deploy its capital in other areas, such as Georgia, Texas, New Orleans and Baltimore.

BST has voluntarily negotiated and submitted to this Commission in excess of 50 interconnection agreements with various other companies. This Commission has approved every such agreement submitted to it. This Commission has also approved over 10 applications for local service authority in South Carolina, including applications from AT&T, MCIMetro and Sprint. AT&T and BST successfully concluded their arbitration process before this Commission by submitting an interconnection agreement for approval, which approval was granted on June 20, 1997. In short, this Commission has taken every step available to it to encourage and to foster local competition in the State of South Carolina.

Other than vague allegations, no intervenor has provided any substantive proof that BST has taken any action to prevent or to retard the development of local competition in South Carolina. In fact, the testimony in this proceeding established that BST has devoted substantial resources involving the efforts of hundreds of employees and the expenditure of hundreds of millions of dollars to meet or to exceed the requirements of the 1996 Act to open its local market to competition. Obviously, the same processes, systems, personnel and facilities are used by competitors in other areas in BellSouth's region as a basis for vigorous local competition. Therefore, this Commission must conclude that BellSouth has met the burden of establishing that its local market in South Carolina is open to competition.

2. Long Distance Competition

In 1982, this Commission became the first state commission in this country to approve a request for authority to provide competitive long distance service in the State of South Carolina. Since then, this Commission has established a history of encouraging competition in all long distance markets in South Carolina. In fact, this Commission has approved over 400 certificates for long distance authority.

This Commission has been greatly concerned over the last several years as the major long distance providers have instituted several rounds of lock-step price increases in their basic rate schedules. Furthermore, this Commission has never been able to establish whether or not reductions in intrastate access charges have been passed through to long distance customers. Several witnesses in this proceeding have established that for large business customers, in particular, the long distance market is competitive. However, many residence customers who do not subscribe to discount plans or who subscribe to discount plans based on basic rate schedules have seen their long distance rates increase over the past few years.

B. Overview of the Act

The Act is a landmark bill in the history of telecommunications. Prior to its enactment, the Modification of Final Judgment barred Regional Bell Operating Companies ("RBOCs") from providing interLATA service, and exclusive state franchises

or grants of authority protected RBOCs from competition in their local service territories. The 1996 Act intended "to provide for a procompetitive, deregulated national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition." S. Rep. No. 230, 104th Cong., 2d Sess. 1 (1996) ("Conference Report") (emphasis supplied). Congress debated for many months the best way to open all telecommunications markets, and the Act that emerged reflects a balanced set of rules designed to govern comprehensively both the opening of the local markets and the opening of the in-region interLATA markets to competition by the RBOCs.

The first step was opening local telecommunications markets. See, 142 Cong. Rec. S688 (daily ed. Feb. 1, 1996) (statement of Sen. Hollings) (Bell companies must "open their networks to competition prior to their entry into long distance"). Congress set out specific requirements for opening local markets in Sections 251-253 of the Act and made entry into long distance under Section 271 conditional upon the BOCs doing so. 141 Cong. Rec. S8138 (daily ed. June 12, 1995) (statement of Sen. Kerrey); see, 141 Cong. Rec. S8152-8153 (daily ed. June 12, 1995) (statement of Sen. Breaux) (BOCs allowed to sell long distance and required to open local exchange markets).

Congress did not simply remove the legal barriers to entry and leave new entrants to fend for themselves against entrenched incumbents.¹ To assist new entrants into the local market, Congress went to extraordinary lengths to ensure that new entrants will have available to them -- in addition to facilities of their own -- a set of functions, capabilities and services from the established incumbent's network to begin providing competing local exchange service. The complete set of functions, capabilities and services arise out of a combination of obligations imposed on incumbent LECs under Section 251 (a)(b) and (c).² As stated by the Eighth Circuit Court of Appeals:

The Act effectively opens up local markets by imposing several new obligations on the existing providers of local telephone service in those markets. . . . Among other duties, the Act requires incumbent LECs (1) to allow other telecommunication carriers (such as cable television companies and current long distance providers) to interconnect with the incumbent LEC's existing local network to provide competing local telephone service (interconnection); (2) to provide other telecommunication carriers access to elements of the incumbent LEC's local network on an unbundled basis (unbundled access); and (3) to sell to other telecommunication carriers, at wholesale rates, any telecommunications service that the incumbent LEC provides to its retail customers (resale).

Iowa Utilities Bd. v. FCC, 109 F.3d 418, 421-22 (8th Cir. 1996).

¹ Congress removed and prohibited any legal barriers to local competition in Section 253 of the Act.

² Section 251(a) and (b) set forth obligations imposed on all telecommunications carriers and all local exchange companies (not just incumbent LECs). The duties imposed on all telecommunications carriers and local exchange carriers, as well as incumbent LECs, include the duties to provide number portability, dialing parity, access to telephone numbers, operator services, directory assistance and directory listings, access to rights of way and reciprocal compensation for the transport and termination of telecommunications. Each of these duties has a place on the 14-point competitive checklist set forth in Section 271(c)(2).

The court also noted that "[t]o accomplish these directives, the Act places a duty on incumbent LECs to privately negotiate in good faith comprehensive agreements with other telecommunication carriers seeking to enter the local market." Id. at p. 422 (Citing 47 U.S.C. §§ 251(c)(1), 252(a)). And the court further observed: "If the incumbent LEC and the carrier seeking entry are unable to reach a negotiated agreement, either party may petition the respective state commission to conduct a compulsory arbitration of the disputed issues and arrive at an arbitrated agreement." Id. (Citing 47 U.S.C. §§ 252(b)).

In addition to negotiating and to arbitrating private agreements with new entrants, the Act affords incumbent LECs ("ILECs") the unconditional right to prepare and file at any time a statement of generally available terms and conditions. Section 252(f) provides that:

A Bell operating company may prepare and file with a State commission a statement of the terms and conditions that such company generally offers within that state to comply with the requirements of section 251 and the regulations thereunder and the standards applicable under this section. (emphasis supplied)

47 U.S.C. § 252(f)(1). Once approved by the Commission, the Statement can provide the proper vehicle for CLECs to use to enter the local market quickly without having to negotiate an interconnection agreement with an ILEC. The Statement may be particularly useful to smaller carriers that wish to do business with the ILEC without becoming involved with formal negotiations.

Approval of a statement of general terms and conditions is also an important step which can be used by an RBOC to obtain authorization to provide in-region interLATA services. An RBOC may use an approved statement to demonstrate its compliance with the application process described in 47 U.S.C. § 271(c)(2)(B) (Track B), which requires an RBOC to show that such a statement has been approved or has been permitted to take effect. Further, while an application to the FCC under 47 U.S.C. § 271(c)(2)(A) (Track A) does not explicitly require an approved statement, an RBOC could presumably use an approved statement to supplement interconnection agreements with CLECs that may not include all items from the checklist.

A state commission may not approve such a statement unless it complies with Section 251 and the pricing standards for interconnection, UNE's and resale contained in Section 252(d). This is the same standard to be applied by this Commission for approval of arbitrated agreements. Compare 47 U.S.C. § 252(f)(2) with 47 U.S.C. § 252(e). The state commission to which a statement is submitted shall, not later than 60 days after the date of such submission, complete its review of such statement (unless the submitting carrier agrees to an extension of the period for such review); or permit such statement to take effect without actually approving it. 47 U.S.C. § 252(f)(3) & (4).

Thus, in order to approve BST's Statement, the Commission must find that it complies with Section 251 and the pricing

standard contained in Section 252(d). These provisions require BST to offer number portability; dialing parity; access to telephone numbers, operator services, directory assistance and directory listings; access to rights of way; reciprocal compensation for the transport and termination of telecommunications; interconnection at any technically feasible point; resale of retail services at an avoided cost discount; and access to unbundled network elements at rates based on cost.

The complete set of functions, capabilities and services made available to CLECs by the legal obligations imposed on BST in Sections 251 and 252(d) are the same as the items contained in the 14-point competitive checklist in Section 271. Accordingly, a finding by the Commission that BST's Statement satisfies the obligations under Sections 251 and 252(d) necessarily includes a finding that the Statement meets the 14-point competitive checklist under Section 271. For this reason and for ease of discussion, the Commission describes below how the Statement complies with Section 251 and Section 252(d) with reference to each item on the competitive checklist.

In order to satisfy the checklist under 47 U.S.C. § 271(c)(2)(B), (Track B), BST must show that it "offers all of the items included in the competitive checklist" through its statement of generally available terms and conditions. (emphasis supplied). BST has made this showing. To "offer" means "to make available." Webster's New Collegiate Dictionary (1973).

Approval of the Statement does not require BST to demonstrate that it is actually providing each checklist item. However, BST has established that it has actually provided each item in its nine-state operating region. The Act requires only that the items in the Statement be "generally offered", and that the rates, terms and conditions of the items are consistent with Section 251 and 252(d) of the Act.³

C. BST's Statement Meets the Requirements of the 14-Point Competitive Checklist

The Commission finds that the rates, terms and conditions of interconnection, unbundling and resale in the Statement comply with Section 251 and 252(d) of the Act. They reflect in a very specific and detailed way the Commission's rulings in the BellSouth-AT&T arbitration proceeding in Docket No. 96-358-C and are consistent with the voluntary interconnection and/or resale agreements executed by BST and various CLECs. BST has executed over 100 such agreements region-wide and this Commission had approved approximately 40 such agreements in the state of South Carolina as of the hearing in this matter. Approximately 10 of the CLECS that have approved interconnection agreements with BST

³ See, 47 U.S.C. § 252 (f)(1) & (2) (Bell company "may prepare and file a statement of the terms and conditions that such company generally offers within the state to comply with the requirements of section 251" and state commission can approve such statement if it "complies with subsection (d) of this section and section 251); see also, 47 U.S.C. § 271(c)(2) (Bell company meets requirements of section 271(c) if it is "generally offering access and interconnection pursuant to a statement" that meets the competitive checklist).

in South Carolina have received Commission approval to operate as CLECs within the State. Other CLEC applications are pending.

The record reflects that BST has supplied the personnel, resources and procedures to provide the checklist items to CLECs upon request. As testified by BellSouth witness Bill Stacy, BST has created an entire new officer-level organization, Interconnection Operations, which is responsible for all operational aspects of provisioning and maintaining services for CLECs. As a part of its efforts to serve its CLEC customers, BST has established two ordering centers in Birmingham and Atlanta dedicated to CLEC customers. These centers currently have approximately 280 employees. They will be staffed by approximately 320 employees by the end of 1997. A Customer Support Manager is assigned to each CLEC to provide a single liaison point if a CLEC customer has operational issues that are not satisfactorily resolved by the normal center processes. BST has gathered forecasts of expected transaction/order volumes from its CLEC customers to allow it to project ordering volumes, provisioning volumes, and trouble reporting volumes and to staff its support systems accordingly. BST also has developed the methods and procedures for the functions of pre-ordering, ordering and provisioning, maintenance and repair, and billing which provide CLECs with access to the required information and functions in substantially the same time and manner as BellSouth's access for its retail customers.

Although AT&T, MCI, and others challenged BST's ability to offer the checklist items, they offered no evidence to dispute that BST has, in fact, been providing the checklist items in substantially the same time and manner as it does for its retail operations.

Checklist Item No. 1: Interconnection in accordance with the requirements of Sections 251(c)(2) and 252(d)(1)

Interconnection permits the exchange of local traffic between the networks of BST and a CLEC over trunks terminated at specified interconnection points. Section I of BST's Statement provides for complete and efficient interconnection of requesting telecommunications carriers' facilities and equipment with BST's network. This involves the following components: (1) trunk termination points generally at BST tandems or end offices for the reciprocal exchange of local traffic; (2) trunk directionality allowing the routing of traffic over a single one-way trunk group or a two-way trunk group depending upon the type of traffic; (3) trunk termination through virtual collocation, physical collocation, and interconnection via purchase of facilities from either company by the other company; (4) intermediary local tandem switching and transport services for interconnection of CLECs to each other; and (5) interconnection billing. Although the Commission discusses the issue of rates in more detail below, the Commission notes here that BST has included in its Statement rates within the interim FCC proxy

rates that the Commission ordered BST and AT&T to use in their interconnection agreement for call transport and termination.

Finally, as testified by BellSouth witness Keith Milner, BST has procedures in place for the ordering, provisioning, and maintenance of its interconnection services as well as technical service descriptions outlining its local interconnection trunking arrangements and switched local channel interconnection. Mr. Milner presented unrefuted testimony that, as of June 1, 1997, BellSouth had installed approximately 19,360 interconnection trunks from CLECs' switches to BellSouth's switches in BellSouth's nine-state region. Mr. Milner also testified that BellSouth has successfully tested its capabilities to provide each of these items.

The Intervenors presented no evidence to rebut the testimony of Mr. Scheye and Mr. Milner regarding BellSouth's proven ability to offer this checklist item. AT&T's witness, Mr. Hamman, testified that, in his opinion, BST had not met this checklist item because BST had purportedly not fully satisfied AT&T's interconnection needs set forth in the BellSouth-AT&T interconnection agreement. Irrespective of whether AT&T and BST have reached a satisfactory resolution of that issue, however, the fact remains that BST has provisioned in excess of 19,000 interconnection trunks to date. The test that BST must meet is not whether BST satisfied every condition of a private arbitration agreement with AT&T. Rather, BST must show that it

has made interconnection generally available to CLECs, as required by Section 252(f). BST has made this showing.

Checklist Item No. 2: Nondiscriminatory access to network elements in accordance with the requirements of Sections 251(c)(3) and 252(d)(1)

This checklist item reflects BST's general obligation under Section 251(c)(3) to provide nondiscriminatory access to network elements on an unbundled basis at any technically feasible point under just and reasonable rates, terms, and conditions. Further, requesting carriers are allowed to combine elements in order to provide telecommunications services. Since many of the unbundled network elements BST will provide fall under other items in the 14-point checklist, the Commission will discuss those specific elements under their respective checklist items below. The discussion here will include collocation, operations support systems, and the Bona Fide Request process that BST will use to facilitate requests by any new entrant for interconnection or UNE's not specifically included in the checklist or BST's Statement. The Commission will analyze the appropriateness of BST's proposed rates for UNE's in Section IV.C. below.

a. Collocation

While not specifically mentioned as a checklist item, Section 251(c)(6) charges BST with the duty to provide the physical collocation of equipment necessary for interconnection or access to UNE's at rates, terms and conditions that are just

and reasonable. This process will allow a CLEC access to BST's switching offices, for example, so that the CLEC may place its switches alongside BST's equipment. BST will provide virtual collocation where physical collocation is not practical for technical reasons or space limitations.

Mr. Milner testified that BST has technical service descriptions and procedures in place for the ordering, provisioning and maintenance of its collocation services. Since late 1996, one CLEC's facilities have been physically collocated in BST's Courtland Street Central Office in Atlanta. Although no CLEC in South Carolina has ordered a physical collocation arrangement, 56 physical collocation arrangements were in progress at the time of this hearing across BellSouth's region. There is also no dispute that virtual collocation is available from BellSouth, as evidenced by the five virtual collocation arrangements in place at the time of the hearing and one additional arrangement in progress. Further, Mr. Milner testified that BellSouth had 133 virtual collocation arrangements in service to CLECs across its region as of May 31, 1997 with an additional 45 arrangements in progress.

b. Operational Support Systems

The Commission finds that BST's electronic interfaces through which the CLECs must access necessary operational support systems permit the CLECs to access those systems in a nondiscriminatory manner. Not only did the testimony of BST

witness Ms. Gloria Calhoun establish that BST's operational support systems provide CLECs with the functionalities they need to provide local telecommunications services in competition with BST, her testimony also demonstrated that the CLECs who desire access to these operational support systems have adequate access to them.

The electronic interfaces that BST has in place generally provide non-discriminatory access to BST's operational support systems in the manner required by the FCC. The FCC has stated that the CLECs must have access to the incumbent local exchange company's operational support systems "in substantially the same time and manner that an incumbent can for itself." See, FCC First Report and Order, ¶ 518. Further, the FCC also required access to operational support systems "under terms and conditions that would provide an efficient competitor with a meaningful opportunity to compete." Id. at ¶ 315. In considering whether the electronic interfaces provide CLECs with the access to BST's operational support systems as required by the Act, this Commission uses the same standard articulated by the FCC.

Ms. Calhoun's testimony confirmed that BST's electronic interfaces provide access to BST's operational support systems for pre-ordering, ordering, maintenance and repair, and billing that is substantially the same as, and in many cases better than, that which it provides to personnel supporting BST's retail customers. In evaluating these interfaces, the Commission has